



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING STAFF**

DOCKET No. PL, P6637/M-07-472

Meeting Date: June 14, 2007 Agenda Item # _____

Company: Bear Cub Energy, LLC

Docket No. **PUC Docket Number: PL, P6637/M-07-472**

In the Matter of the Approval of an Information Book Prepared by Bear Cub Energy, LLC for the Buffalo Lake Energy Natural Gas Pipeline Located in Martin County, Minnesota.

Issue(s): Should the Minnesota Public Utilities Commission Approve the Information Book Prepared by Bear Cub Energy, LLC?

DOC Staff: Larry B. Hartman.....651-296-5089

Relevant Documents

Information Book for Owner and Tenants of Property Along the
Buffalo Lake Natural Gas Pipeline Route in Martin County, MinnesotaJune 5, 2007

This document can be made available in alternative formats; i.e. large print or audio tape by calling (651) 201-2202 (Voice) or 1-800-627-3529 (TTY relay service).

The enclosed materials are Comments and Recommendations of the Department of Commerce Energy Facility Permitting Staff (DOC EFP). They are intended for use by the Public Utilities Commission and are based on information already in the record unless otherwise noted.

Attached Documents:

1. Letter from DOC EFP staff to NRG regarding information on pressure threshold of Bear Cub Energy, LLC proposed natural gas pipeline, April 30, 2007.

(Note: see eDockets (07-472) or the PUC Facilities Permitting website for additional documents <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19172>)

Statement of the Issue

Should the Minnesota Public Utilities Commission approve the Bear Cub Energy, LLC, “Information Book for Owners and Tenants of Property along the Buffalo Lake Natural Gas Pipeline Route in Martin County, Minnesota” for distribution to Landowner and Tenants of Property Crossed by the proposed Buffalo Lake Energy Natural Gas Pipeline in Martin County, Minnesota?

An information book is required for certain pipelines as defined in Minnesota Statutes 216G.

Introduction and Background

Bear Cub Energy, LLC, is requesting PUC approval of an Information Book pursuant to the requirements of Minnesota Statutes 216G.03-216G.04 to construct a 4.5 mile-long natural gas pipeline to serve the Buffalo Lake Energy ethanol plant located in west Fairmont.

The Applicant and the Project

Bear Cub Energy, LLC, is a Colorado based Natural Gas Delivery Company. The pipeline and associated facilities will be owned by Buffalo Lake Energy, LLC (Buffalo Lake Energy) and operated by Bear Cub. Bear Cub Energy was authorized on behalf of Buffalo Lake Energy to facilitate installation of the pipeline. Bear Cub contracted with Minnesota Limited, Inc., (Minnesota Limited) to install the proposed 4.5 mile-long natural gas pipeline.

Project Description

The proposed 4.5 mile-long natural gas pipeline project calls for the construction and installation of a six-inch outside diameter, welded steel, fusion bonded epoxy coated pipe with a wall thickness of 0.156 inches. The proposed pipeline will be designed to operate at a pressure of 275 pounds per square inch (psi) or less. Associated facilities include installation of two interconnect valves.

Because DOC EFP staff had some questions about the design and operating pressure of the pipeline, a letter was sent to NRG, who is representing Bear Cub Energy, LLC, requesting that pipe design information be sent to the Office of Pipeline Safety in order to make a determination about the design and operating pressure of the proposed pipeline (See Attachment 1 in the Commissioners’ packet). If the pipeline is designed to operate at a pressure or more than 275 psig, a pipeline routing permit from the PUC would be required for the proposed pipeline, rather than an Information Book. The Office of Pipeline Safety (OPS) is reviewing the design information submitted by Bear Cub Energy, and they will make a pressure threshold determination prior to the PUC’s action on the Information Book request.

Land Requirements

The project will cross 18 parcels of land used for agricultural purposes and transportation (county road right-of-way). Bear Cub is seeking a permanent right-of-way 30 feet in width and approximately 20 feet of temporary right-of-way or workspace to allow for construction of the pipeline. Bear Cub Energy, LLC does not have the right of eminent domain.

Project Location

The proposed pipeline project is located in Rolling Green Township in Martin County in southern Minnesota. The pipeline will begin at the existing Northern Border Pipeline Company meter station located in the Northwest Quarter of Section 5, Township 103 North, Range 31 West, and will proceed in an easterly direction adjacent to and parallel with the south side of the existing County Road 130 right-of-way, crossing Sections 4, 3, and 2 to its terminus in the Buffalo Lake plant yard north of the existing Buffalo Lake Energy ethanol plant located in the Northwest Quarter.

Regulatory Process and Procedures

Minnesota Statutes 216G.01-12 provides for the permitting and regulation of certain pipelines in Minnesota. This Chapter specifies several types of review for pipelines. For example, interstate natural gas pipelines are permitted by the Federal Energy Regulatory Commission (FERC); whereas intrastate natural gas pipeline and crude oil and product lines are regulated (permitted by) the State. Intrastate natural gas pipelines with an operation pressure above 275 pounds per square inch (psi) require a pipeline routing permit and are subject the review requirements of Minn. Rules Chapter 4415. Intrastate natural gas pipelines with an operating pressure of between 90 and 275 psi do not require a pipeline routing permit from the PUC. However, they must comply with the requirements of Minnesota Statutes 216G.04. It calls for the preparation of an Information Book that must be approved of by the PUC prior to distribution to all landowners affected by the project and before county board sponsored information meeting may be held.

Public Participation Process

After the Informaton Book is approved, the county board must hold a public meeting to provide information to the public concerning:

- (1) the pipeline proposed for construction, including the proposed route, the size of the pipeline, types of commodities to be carried and construction and operating characteristics; and
- (2) the legal requirements which must be met in acquiring easements and in construction and operating the pipeline.

DOC EFP Staff Analysis and Comments

The DOC EFP staff has reviewed the proposed information book against the requirements specified in Minnesota Statute 216G.04 (b) that include:

- (1) a description of the pipeline proposed for construction, including the proposed route, types of commodities to be carried, size of the line and construction and operation characteristics;
- (2) explanation of the step which must be taken to acquire right-of-way for the pipeline and of the rights and alternatives of the owners;
- (3) explanation of the legal requirements that must be met in constructing the pipeline; and
- (4) explanation of the county inspections procedure and instructions for contacting the inspector in the event of noncompliance with legal requirements.

DOC EFP staff finds that the revised information book submitted by Bear Cub Energy, LLC on June 5, 2007 meets the requirements of Minnesota Statute 216G.04 for PUC approval of an information book.

Commission Decision Options

- A. Approve the Bear Cub Energy, LLC prepared “Information Book for Owners and Tenants of Property along the Buffalo Lake Natural Gas Pipeline Route in Martin County, Minnesota” as prepared in compliance with the information book requirements of Minnesota Statute 216GF.04.
- B. Amend the proposed information book as deemed appropriate.
- C. Deny approval of the information book.
- D. Make some other decision deemed more appropriate.

DOC EFP Staff Recommendation. The staff recommends Option A.